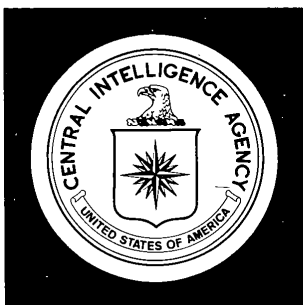




The President's Daily Brief

September 1, 1976



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Top Secret~~

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FOR THE PRESIDENT ONLY

September 1, 1976

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LEBANON-SYRIA: *Lebanese president-elect Ilyas Sarkis met with Syrian President Asad yesterday to discuss current peace negotiations and arrangements for Sarkis' takeover from President Franjiyah on September 23.*

Sarkis and Asad have had virtually no previous direct, personal contact, and both men probably approached the meeting with uncertainty. Sarkis is indebted to the Syrians for his election last May and must now rely on them to help engineer his assumption of power. He also is acutely aware that his effectiveness as president depends on his ability to retain the confidence of all parties to the conflict; his views on steps to end the war may therefore not be in complete harmony with Asad's.

The leftist-controlled Beirut press charged yesterday that Syria moved an additional 20,000 troops into the Bekaa Valley in eastern Lebanon over the week-end, but

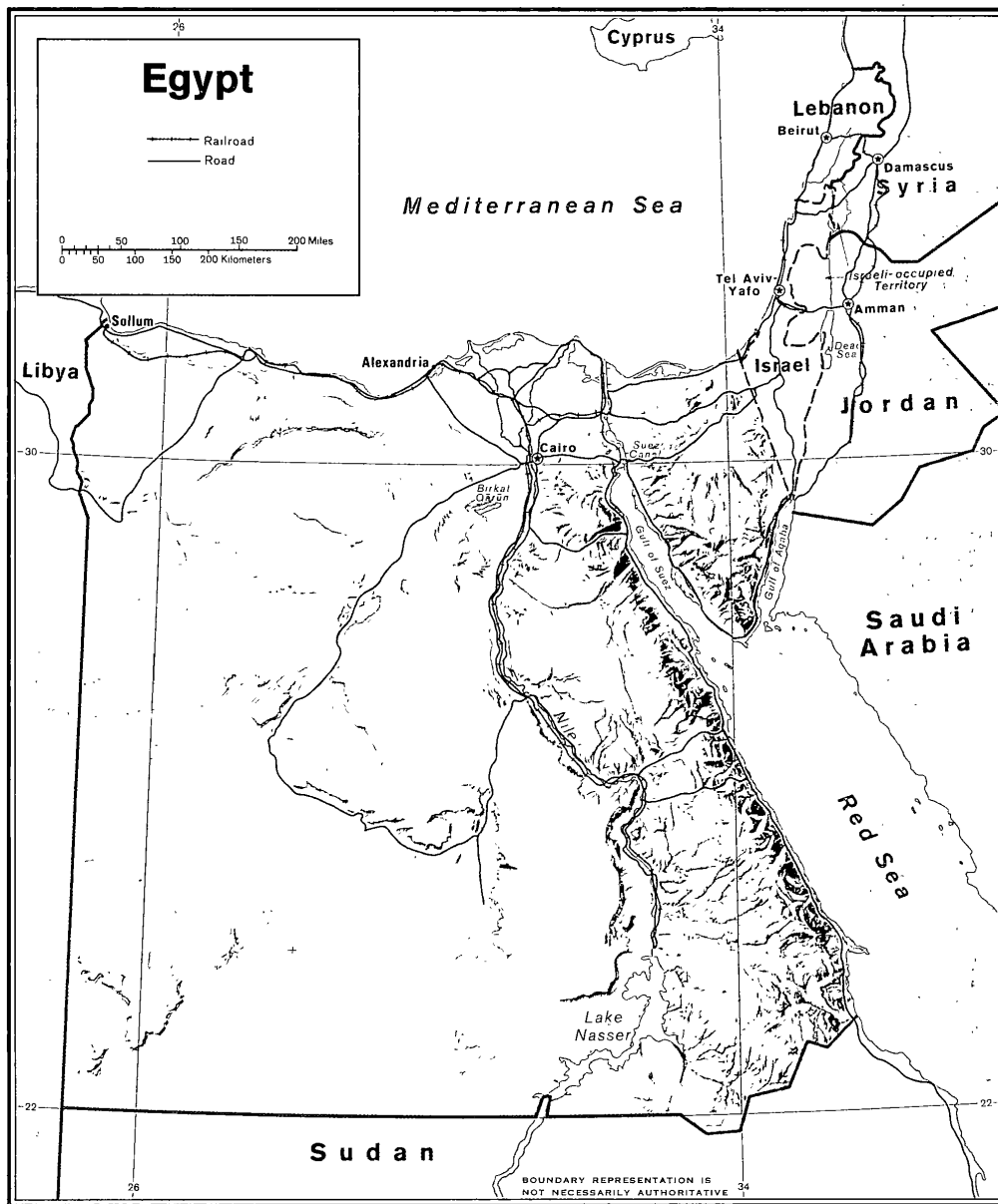
[redacted] there has been no significant increase in Syrian troop levels.

A Western diplomat who regularly travels through Syrian-held territory observed no change in Syrian deployments while driving along the Beirut-Damascus highway on Monday. Syria has approximately 5,000 troops stationed just beyond the Lebanese border, and repositioning of these forces would be difficult to detect. 50X1

The Christians reportedly have reinforced their positions in the southern outskirts of Beirut, presumably in conjunction with plans for a new offensive coordinated with the Syrians. They recently moved 30 "heavy weapons" to the area, [redacted] 50X1

[redacted] which are now aimed in the general direction of the Beirut airport. 50X1

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Arab League efforts to arrange a local cease-fire in the Mount Lebanon area received a major setback yesterday from Palestinian leader Salah Khalah, who announced that the Palestinians would not accept a truce agreement that is not part of an overall settlement.

The Palestinians apparently have decided they cannot afford to jeopardize their positions in Christian territory and thereby drastically reduce their bargaining power in future negotiations. They also probably suspect--with some justification--that Camille Shamun's Christian forces would not adhere to the cease-fire agreement.

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EGYPT-LIBYA: Egyptian preparations continue for possible military action against Libya.

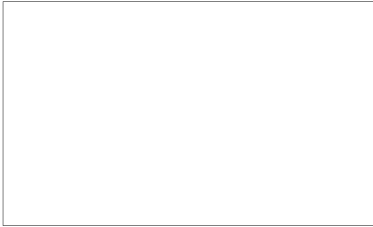
Egyptian TU-16 medium bombers are conducting tests using "runway bombs," [redacted] 50X1
apparently to check the feasibility of using these aircraft to neutralize enemy airfields. [redacted] 50X1
[redacted] 50X1

Some 40 to 50 jeeps and trucks that were seen loaded on rail flatcars south of Alexandria yesterday morning had departed by midday, presumably for the Libyan border.

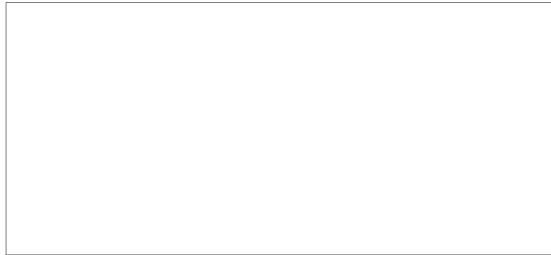
The Egyptian marine infantry brigade in the border area was placed on full alert yesterday and was to assume a defensive posture [redacted] 50X1
[redacted] We 50X1
do not know if this action has been taken as a precaution during Libya's celebration of its revolution today or whether it is connected with Egypt's own military activity near the border.

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MOZAMBIQUE-RHODESIA:

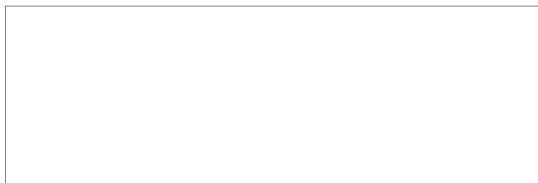
Mozambican President Machel unexpectedly has called a meeting of the leaders of the feuding Rhodesian nationalist factions. The hurried nature of the gathering strongly suggests that the session is keyed to the meeting this weekend of Secretary Kissinger and South African Prime Minister Vorster.



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The "third force" is an organization that Tanzanian President Nyerere and Machel are promoting as an alternative to the present squabbling Rhodesian African nationalist groups. Machel also wanted Joshua Nkomo to attend, but the latter is in the Middle East and will be represented by a sub-50X1 ordinate.

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Both the "third force" leaders-- who will be attending such a high-level meeting for the first time-- and Muzorewa, who has been barred from the guerrilla camps, reportedly are eager to use the session with Machel to strengthen the positions of their own factions.

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Machel has leverage over the nationalist politicians because he controls their access to the guerilla camps in Mozambique.

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KOREA: North Korea continues to warn that the threat of a US-provoked war on the peninsula is increasing--a line that was prominent for months before the recent Panmunjom incidents.

A North Korean broadcast on August 29, for example, pointed to reports that the nuclear-powered submarine Pollack is in the Sea of Japan as further evidence of US preparations to "light the blasting fuse of war."

North Korean authorities have also ordered a selected reduction in nonessential contacts with foreigners. This move is probably part of a general effort by Pyongyang to build an air of crisis around the Korean issue in preparation for this fall's UN General Assembly session. There is no evidence that this reflects serious war preparations.

At the meeting of the Military Armistice Commission yesterday, North Korea presented details of its plan for the separation of military personnel of both sides at Panmunjom, including the removal of North Korean guard posts from the UN side of the joint security area.

Given the considerable detail in Pyongyang's proposal and the businesslike approach of the North Korean representatives, it appears that North Korea now is interested in concluding an early agreement. Additional meetings to discuss specific arrangements were to begin early this morning.

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USSR: *The US embassy in Moscow believes that the appearance of Soviet correspondent Viktor Louis' byline on the London Evening News story concerning Premier Kosygin's reported swimming accident indicates that leadership changes are in the offing.*

In the embassy's view, given Louis' history as a transmitter of authoritative leaks, the story should be read as a signal that Kosygin's status may change in the not-too-distant future, whether or not he is actually ill. Since the 1976-1980 five-year plan should be presented by the Premier to the Supreme Soviet this fall, the embassy believes that this "news story" signal may be intended to prepare the West for another face in the premiership at that time.

Change of status for a leader of Kosygin's rank, responsibilities, and political stature will obviously necessitate serious "bumping" among the current leaders and their clients below. In the embassy's view, the current stand-pat leadership will wish to limit to the extent possible the effects of such a change, but none of the possible contenders to replace Kosygin has clear and unchallenged credentials for the job, and the choice will not be an easy one. Any such shift would be read as a signal that the changing of the guard was at last under way, bringing unwelcome frictions within the Kremlin.

We think that the embassy may be relying too much on the significance of Viktor Louis' byline.

Louis himself continues to disavow authorship and yesterday told Western newsmen that he had no information on the reported swimming accident. Even assuming that he is indeed the source of the story, his past reporting record has been mixed.

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We expect the five-year plan to be presented to the Supreme Soviet in October. That session will probably be preceded by a meeting of the party's Central Committee--the forum in which leadership changes at this level must be announced. If Kosygin does go--either to honorable retirement or to President Podgorny's less demanding post--it will mean a break in the circle of "seniors" in the Politburo who have been the guarantors of continuity and stability, and would, as the embassy points out, lead to a sense of fluidity in the leadership and to jockeying for position among the survivors.

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NOTES

The Turkish research ship Sismik I was scheduled to leave Izmir last night on its fourth mission, according to a broadcast yesterday by the Turkish government-operated communications network.

The government has not announced the exact area and duration of this mission, as it has done at least one day prior to each of the last three missions. This suggests that the ship may be undergoing a shakedown cruise before beginning exploration again. The ship has been in Izmir during the past week for maintenance and possibly installation of new equipment.

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the Soviets probably will be able to diagnose and correct the atmospheric conditioning problem on the Salyut 5 space station.

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We expect another crew will be sent to the space station within several months. The two Salyut 5 cosmonauts returned to Earth prematurely on August 24

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Salyut 5 seems to be fully operational and probably has supplies for an additional 40 to 70 days of manned flight. More supplies could be sent up with the new crew in a Soyuz spacecraft.

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In the meantime, even though unmanned, Salyut 5 is likely to continue some photographic activity, and it may have the capability to deorbit film capsules automatically.

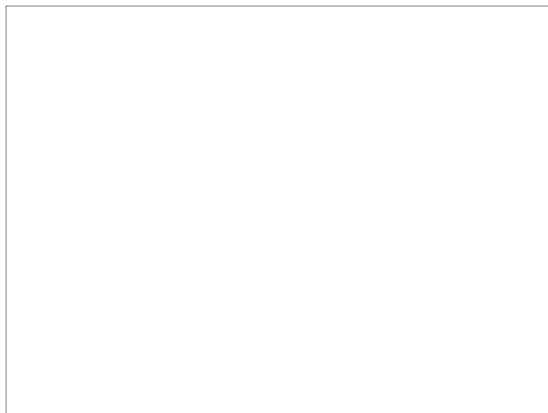
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The Portuguese government reportedly is planning to approach the US embassy in Lisbon within the next three weeks to discuss reopening negotiations on the US base at Lajes in the Azores.



Possibly in an effort to help smooth the way, Soares appears to be taking a less dogmatic stand on the use of the Azores for the resupply of Israel in a renewed Middle East conflict.

A spokesman for the Prime Minister said on Monday that the government would respond to new requests for the use of the base on a case-by-case basis.

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Mexico's release yesterday of the peso from its fixed exchange rate with the US dollar will result in a devaluation that Mexican officials reportedly hope can be held to around 20 percent.

Monetary controls and export and excess profits taxes will be employed to prevent speculation, but no exchange controls will be introduced. International banking sources in Mexico City have said the peso will probably stabilize at about 20 to the dollar, down from the present 12.5.

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The peso has come under growing pressure recently as inflation in Mexico has continued to outpace that in the US. This has resulted in an overvaluation of the peso by as much as 40 percent to 60 percent.

Capital flight, the recent increase of which provoked the float at this time, will be reduced if the government institutes the necessary fiscal and monetary policies to complement the devaluation. President Echeverria is expected to elaborate on such reforms later today in his State of the Republic address.

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